

Investment Information

Questions of general interest to investors will be answered in this column. It is to be understood that all correspondence will be answered by mail. Address all inquiries, enclosing a stamped addressed envelope, to Financial Editor, The Tribune, 184 Nassau Street, New York City.

Reinvestment of \$15,000

Question—Will you kindly suggest five sound investment bonds for the reinvestment of \$15,000? I would prefer to invest principal in preference to interest rate, but feel that I should be able at this time to get 4 per cent or thereabouts on my investments. I have read your reports as printed in The Tribune for some time past, and am satisfied that your advice can be followed with safety.

Answer—We recommend the following bonds to our foreign and domestic investors:

Vermont Railways, 5%, 1960, yielding about 5.1 per cent; American Telephone and Telegraph collateral 5s, 1946, yielding about 5.3 per cent; New York Central refunding and improvement 5s, 2013, yielding about 5.2 per cent; Oregon Washington Railway & Navigation 4s, 1961, yielding about 5.2 per cent; and Brooklyn Edison 5s, 1942, yielding about 5.2 per cent.

Good, but Not Gilt-Edge

Question—Will you kindly give me your opinion relative to Central Leather 5 per cent bonds, due 1927? These bonds were issued by Central Leather Co., and you are believe that the company is in financial difficulty. Please also inform me as to your opinion relative to Central Leather 16, 1920, at 5.5%—that is, the yield on these bonds, and the price at which they are quoted?

Answer—If you hold that "Class A" and "gilt edge" are synonymous terms our answer is that the Central Leather 5s and Central Vermont 5s do not measure up to your standard. They are, however, good investments.

Holds Russian Bonds

Question—If you had been so unwise as to purchase the Imperial Russian Government 6½ per cent bonds and still held them, what would you advise doing with them?

Answer—The answer to this question will depend on several things. If you bought these bonds after they passed into the speculative stage, the question is whether Russia is a greater speculative risk now than it was then. The Russian Soviet government has shown some faint signs of coming to its senses. It has taken steps which probably in time lead to stability. We believe the risk is lighter than a year ago for instance, yet the bonds are still highly speculative. The real test of the appropriateness of these bonds as a security for you to hold is found, if you ask yourself the question, whether you would buy them at the present market price and under existing conditions.

May Use Part of Capital

Question—I am your advice. I am sixty-five years of age, retired from business—no dependents or family except my wife of sixty. Besides my country house, I own no property. My estate, the following list of securities, is worth \$10,000. I am a shareholder in American Sugar, preferred; 50 shares Boston Electric common; 100 shares Bosch Magneto common; 40 shares Southern California Edison 5 per cent preferred; 2,000 New York Central stock; 6,000 Liberty bonds; \$20,000 good standing mortgages; \$12,000 tenable real estate; \$20,000 tenable real estate broker. Of this last item I desire to invest \$20,000 and seek your advice particularly on the investment. My only indebtedness is a real estate mortgage of \$4,000 which it is my intention now to pay off. I have a leaning away from bonds into stocks. I have a sum in my bank account and to the generally small field. I need all the income that I can get from my property. I do not have an encroachment on my capital but might now be suitable to use as additional income to help to finance the investment. The present investment I should especially like to know how you regard the North American telephone and telegraph also if preferable to exchange a portion of the American Telephone and Telegraph for the same yielding security and use a portion of the income required or continue with the American Telephone and Telegraph as good yields and apparent solidity. —J. F. D.

Answer—The amount you have invested in American Telephone and Telegraph is out of proportion to the size of your investment as a whole, and we believe that some part of the 200 shares might well be exchanged. Since you do not want to bond on account of the tax factor and the lower return, we feel that in selected stocks you should avoid any but good preferred issues and the highest grade common stocks. North American preferred is suitable. We suggest that you consider for your \$20,000 and the proceeds from the sale of part of the American Telephone and Telegraph National Lead preferred, Endicott-Johnson preferred, New York Telephone preferred and Westinghouse preferred or common. The Boston Elevated common does not impress us as the kind of stock for you to hold. General Electric "special" stock of \$10 per value, selling between 10 and 11 and paying 4 per cent would be a good substitute.

Consolidated Machine Tool

Question—Will you please advise me as to the safety of purchasing three shares of Consolidated Machine Tool Corporation stock at \$100 a share? W. H. S.

Answer—The Consolidated Machine Tool Corporation was incorporated in June, 1922, for the purpose of acquiring the plants and equipment of six machinery or tool companies. You are better able to judge for yourself whether you can afford to assume the risks involved in purchasing a new organization. We do not consider the capital stock of this company entitled to an investment rating, although the new corporation has been showing steady increases in earnings recently.

Too Many Separate Issues

Question—To invest approximately \$100,000 where the majority of \$20,000 to \$30,000 per issue, what good bonds and preferred stocks would you recommend to give the greatest degree of safety? The idea of investing in thirty or forty issues should reduce risk and give a good high yield from diversified funds. Much thanks in advance for your suggestions. —J. P. H.

Answer—Although we do not approve the purchase of even as many as thirty separate issues with a fund of \$100,000, we shall, in compliance with your request, suggest the following:

Standard Oil Company of New Jersey 6s, 1935; Hudson & Manhattan refunding 6s, 1935; International Paper 5s, 1948; United States Rubber 5s, 1947; American Sugar Refining 6s, 1937; Wilson & Co. 6s, 1941; Westinghouse 7s, 1931; Packard Motor 8s, 1931; Aluminum Company of America 7s, 1935; Standard Oil 6s, 1932; Bethlehem Steel 6s, 1948; Standard Oil of California 7s, 1931; Kennecott Copper 7s, 1930; Goodrich Tire 6s, 1937, and thirty shares of each of the following stocks: New York Telephone preferred, Endicott-Johnson preferred, Western Electric preferred, American Ice preferred, and Pere Marquette prior preferred.

Four full columns of investment questions and answers will be published in The Tribune every Sunday and Monday. One other day one full column will appear.

Day's Dealings in Bonds

The Market

Investment banking circles have virtually discarded whatever expectations have remained of a long-term government bond issue within the next two or three months. Facts to the Treasury's intentions are lacking, but the outlook is for a combined issue of \$500,000,000 or thereabouts of notes, coupon rates being advanced to market conditions existing in mid-December. Trading in bonds yesterday involved a substantial aggregate of transactions, but few changes of moment in quotations. Speculative rail issues were still inclined to weakness, while industrial and traction bonds moved variously. Foreign government bonds and Liberty issues were firm.

Transactions

Sales Yield.

Buy. Yield.

Net.

High.

Low.

Last.

Chg.

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